

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF LOUISVILLE)	CASE NO. 2006-00431
GAS AND ELECTRIC COMPANY)	

ORDER

On July 1, 2004, in Case No. 2003-00433,¹ the Commission approved rates for Louisville Gas and Electric Company (“LG&E”) and provided for their further adjustment in accordance with LG&E’s gas supply clause (“GSC”).

On September 29, 2006, LG&E filed its proposed GSC to be effective November 1, 2006.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. LG&E’s notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. LG&E’s expected gas supply cost is 81.687 cents per 100 cubic feet, or \$8.1687 per Mcf, which is 13.51 cents per Mcf more than the previous expected gas supply cost of \$8.0336.
3. LG&E’s notice sets out no current refund adjustment (“RA”). LG&E’s notice sets out a total RA of (.5) cent per Mcf, which is no change from the previous total RA.

¹ Case No. 2004-00433, An Adjustment of the Gas and Electric Rates, Term, and Conditions of Louisville Gas and Electric Company, Order dated July 1, 2004.

4. LG&E's notice sets out a current actual adjustment ("AA") of (.29) cent per Mcf. The total AA of (55.04) cents per Mcf is an increase of 5.8 cents per Mcf from the previous total AA.

5. LG&E's notice sets out a (1.29) cent per Mcf current Balance Adjustment ("BA"), which is a decrease of 49.43 cents per Mcf from the previous BA.

6. LG&E's notice sets out its Performance-Based Rate Recovery Component ("PBRRC") of 7.44 cents per Mcf, which will remain in effect to collect LG&E's portion of PBR savings until January 31, 2007.

7. LG&E's gas supply cost component is 76.748 cents per 100 cubic feet or \$7.6748 per Mcf, which is 30.12 cents per Mcf less than the prior gas supply cost component of \$7.9760 per Mcf.

8. The rate in the Appendix to this Order is fair, just, and reasonable, and should be approved for gas supplied by LG&E on and after November 1, 2006.

IT IS THEREFORE ORDERED that:

1. The rate in the Appendix, attached hereto and incorporated herein, is approved for gas supplied on and after November 1, 2006.

2. Within 20 days of the date of this Order, LG&E shall file with this Commission its revised tariffs setting out the rate authorized herein.

Done at Frankfort, Kentucky, this 24th day of October, 2006.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several overlapping loops and a horizontal line at the bottom.

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2006-00431 DATED October 24, 2006

The following rates and charges are prescribed for the customers served by Louisville Gas and Electric Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Gas Supply Cost Component

The total Gas Supply Cost Component shall be 76.748 cents per 100 cubic feet during the period covered by the bill.